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C O N F I D E N T I A L SECTION 01 OF 03 YEREVAN 002157

SIPDIS

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SUBJECT: SQUEEZING THE ARMENIANS ON DEMOCRACY ISSUES

REF: 12/09/05 DANILOVICH-EVANS SECURE TELCON

Classified By: Ambassador Evans for reasons 1.4 (b) and (d)

**11. (C) SUMMARY.** Post has been talking to various Armenians in and out of government in an effort to advance our democracy agenda despite the tactical set-back represented by the flawed November 27 referendum on the constitutional amendments. While it is too early to say whether the Armenians "get it," one thing is clear: the fact of deep U.S. involvement through our assistance programs, particularly the special program aimed at democracy building in advance of the 2007-08 elections and, prospectively, the Millennium Challenge Account Compact, mean that the Armenians are listening to us carefully. END SUMMARY

Heated Discussions

**12. (C)** Last week the Ambassador hosted two lunches, one for media people (editors and media outlet managers) and another for a cross-section of politicians and civil society actors. The subject for discussion, at times heated, was inevitably the November 27 referendum and the prospects for building a genuine democratic society in Armenia. Discussion revealed, if anything, increased polarization since the referendum within the politically conscious Yerevan-based elite along familiar lines. There is a sense that the opposition is badly fragmented and commands less support than ever among the rank and file of Armenian citizens, who are basically turned off by the opposition's shenanigans, but also not inspired either by the governing elite, especially the shamefully derelict National Assembly, and are deeply cynical about politics in general.

**13. (C)** What is perhaps most interesting about the post-referendum situation is the degree to which people on both sides of the political divide seem at a loss as to what represents the best way forward. Armenians we talk to universally express a desire to see Armenia become a leading democracy in the region. They often blame their own national characteristics and peculiarities, especially their well-known extreme individualism, and sometimes the continuing Nagorno-Karabakh stalemate, for their seeming inability to step smartly forward toward a more clearly democratic future.

**14. (C)** Another interesting phenomenon is the degree to which personal and family ties persist despite serious political differences. We were struck by the familiarity of the language used by political opponents over our lunch table despite scathing accusations and vilifications that threatened to turn into a near-brawl. We are constantly amazed by the degree to which people on either side of the political divide remain in social contact with one another.

Yerevan School of Political Science: Not Surprised

**15. (C)** At a seminar last weekend of the Yerevan School of Political Science, a mixture of youngish scholars, bureaucrats and media people earnestly discussed the prospects for the growth of Armenia's democracy. There was no apparent doubt among this group that ballot-stuffing and serious fraud had taken place during the November 27 referendum, but also little surprise at that fact, and less openly expressed despair about the situation than one might have anticipated. In fact, the group as a whole seemed to take it for granted that democracy would eventually come to Armenia; they just were not certain how this might happen. In a side conversation with the Central Bank Governor and Shavarsh Kocharyan, an opposition leader, the Ambassador discussed the prospects for lessening the current polarization through the efforts of some political actors who maintain contacts across the political divide and can be considered relative "moderates."

Pressing in Private...

**16. (C)** Taking advantage of the fact that the Board of the Millennium Challenge Corporation had not yet reached the point of approving the proposed compact with Armenia, after reftelcon, the Ambassador sought meetings December 12 with high-ranking officials in the Presidential Administration and the Government, namely the President's Chief of Staff,

Artashes Tumanian, and the Minister of Territorial Administration, Hovik Abrahamian. In both cases the goal was to make it clear that, although the United States had supported the constitutional amendments on substance, we were disappointed by the way in which the referendum had been carried out, with strong suspicions of vote-rigging and fraud, undue pressure on opposition members and inadequate follow-up to the allegations of fraud that had come even from the Speaker of the National Assembly. The Ambassador avoided suggesting that the MCC decision might be affected by perceptions of back-sliding on democracy issues in Armenia, but did state that, as a matter of simple fact, the MCC Board had not reached its expected decision on December 6th, and that the Embassy was still waiting to hear what the decision would be. In the context of the conversations, there is no doubt that the Armenian interlocutors made the proper connections.

...On the President's Man

17. (C) Presidential Chief of Staff Tumanian, who is setting up his own political party to contest the 2007 parliamentary elections, did not dispute the perception that the referendum was less than perfect, but he argued in a rather detached way that the opposition was largely to blame because of their boycott of the proceedings and withdrawal of their members of the electoral commissions shortly before the day of the vote.

He seemed surprised when the Ambassador told him that the decision not to invite international election observers had been taken in the Presidential Administration. He was also surprised to learn that an MCC compact could be called off even after having been approved, if the beneficiary country failed to maintain the requisite standard of performance as judged against independent criteria. He took the Ambassador's point that it would behoove the President and others in power to think carefully about the world's perceptions of Armenia after the referendum, but did not make any specific commitment. He asked to have details of the US. program of intensified measures designed to help Armenia achieve free and fair elections in 2007 and 2008, and seemed particularly interested in the possibility of obtaining training for people in the political party that he is planning to establish.

...And on the Probable Vote-Rigger

18. (C) Minister of Territorial Administration Hovik Abrahamian, by contrast, was much more personally engaged in the immediate issue of the referendum and gave a detailed and rousing defense of its conduct, repeatedly stressing that there was no proof that violations occurred and boasting about the organizational and administrative efforts that had been made in the provinces (his beat) to educate the voters, induce them to turn out, and ensure the measure's victory. He was scathing in his criticism of the opposition for choosing to boycott the vote and withdraw their election commission members. At the same time, he took aboard the Ambassador's message that the referendum "stank" and that it would be wise for the Prime Minister (his direct boss) and others in the Government to consider what to do to signal that Armenia remains on a democratic course. Abrahamian seemed taken aback to learn that no decision had yet been made by the MCC Board on the Armenia Compact. Abrahamian insisted toward the end of the conversation that the elections of 2007 and 2008 would be free and fair, arguing that when opposing political parties had a direct interest in the voting, the natural tension between them would ensure that they would referee each other.

19. (C) COMMENT: In the wake of the referendum, a somewhat altered political situation exists in Armenia. The opposition is weakened and demoralized, although key leaders remained determined to press on in their fierce rejection of Kocharian and all his works. Former FM (and former AMCIT) Raffi Hovhanessian this week addressed twenty-one possibly libelous questions to President Kocharian in a letter that suggests the depth of passion still attaching to issues in the recent history of Armenia, especially the 1999 shoot-out in the National Assembly that has never been adequately explained. The Administration also has not covered itself in glory, and some of its members realize this. Divisions within the ruling three-party coalition are also more visible after the referendum than they were, and, as Armenia approaches its next regularly-scheduled elections in 2007 (legislative) and 2008 (presidential), the political infighting and maneuvering for position will undoubtedly intensify. We are convinced that our program of measures intended to help Armenia attain free and fair elections is timely and highly relevant to the fate of democratization in Armenia. We also have learned that the MCC compact, even when evoked in only a passing way, has the power to compel rapt attention; this leverage needs to be wielded carefully in the months ahead in order to produce optimal results for the United States. END COMMENT

EVANS